

Current Expense Financial Plan  
Footnotes

- (a) The 2002 Actual column reflects actual amounts as reported in the 2002 Consolidated Annual Financial Report (CAFR)
- (b) Revenue estimates for 2002 - 2006 are based on the following assumptions. The percentages indicate the expected annual percent change over the previous year, except for interest earnings, which is stated as the projected annual rate of return.

	2002	2003	2004	2005	2006
Property Tax (net debt service)	Actuals	3.04%	3.80%	-0.79%	2.06%
Sales Tax	Actuals	-2.10%	1.50%	4.10%	5.00%
Interest Earnings	Actuals	3.15%	2.25%	3.30%	4.15%
		Individual	Individual	Individual	Individual
All Other	Actuals	Estimates	Estimates	Estimates	Estimates

- (c) The debt service schedule for 2002 - 2006 is based on the following table:  
(in millions)

Debt Service Element	2002	2003	2004	2005	2006
Prior Debt Issues	13,493,382	13,413,393	10,185,141	9,789,382	9,784,370
A) Kent Pullen RCECC		308,000	2,364,979	2,364,979	2,364,979
B) Courthouse Seismic Project			773,235	7,100,100	6,878,000
C) Strategic Technology Projects				238,379	1,086,518
D) North Rehabilitation Facility Reserve			10,523	112,193	112,193
E) Integrated Security Project (KCCF-ISP)				640,500	640,500
Total Debt Service	13,493,382	13,721,393	13,333,878	20,245,533	20,866,560

- (d) The Current Expense financial plan assumes an underexpenditure rate of 2.00% of the total CX expenditures. The 2004 Adopted Budget includes a 1.25% underexpenditure contra in each CX operating and CX transfer budget. This will directly budget for assumed underexpenditure levels. A remaining central contra of .75% is being held in the CX Financial Plan, for a total assumption of 2.0% underexpenditure in many CX operating and CX transfer budgets. This is the same policy as was enacted in the 2003 budget. A list of agencies exempt or partially exempt from the underexpenditure requirement is provided in footnote (m).
- (e) An amount equal to 25% of the additional .2% sales tax is set aside in the Sales Tax Reserve Fund until it reaches a threshold of \$15 million. This amount is set by the Council and is to be kept in reserve for emergency needs. The 2004 Budget assumes full use of the Sales Tax Reserve collections (\$3.9 million) for major maintenance. The Sales Tax Reserve is held steady at \$15 million for 2004-2005 by programming all of the excess collection to major maintenance activities during those years.
- (f) An amount equal to 25% of the additional .2% sales tax is set aside in the Children and Family Services Fund.
- (g) Other Reserves include the following for each of the years:

(in millions)

	2002 Actuals	2003 Adopted	2003 Revised	2004	2005	2006
Inventory Reserve		(79,031)				
Prepayment	-	(72,137)	-			
Loans	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Animal Control	(329,136)		(329,136)	(329,136)	(329,136)	(329,136)
Crime Victim Compensation Program	(1,068,950)	(701,887)	(868,950)	(668,950)	(668,950)	(668,950)
Drug Enforcement Program	(181,684)	(293,312)	(181,684)	(181,684)	(181,684)	(181,684)
Anti-Profitteering Program	(393,580)	(395,416)	(393,580)	(393,580)	(393,580)	(393,580)
Dispute Resolution	(67,245)	(32,210)	(67,245)	-	-	-
Superior Court Pro Se Facilitator	-	(13,844)	-			
Sheriff Laptop Replacement	(733,858)	(340,359)	(733,858)	(733,858)	(733,858)	(733,858)
Real Property Title Insurance	(25,152)		(25,152)	(25,152)	(25,152)	(25,152)
Designated for Net Unrealized Gains	(3,535,573)	(3,566,200)	(3,535,573)	(3,535,573)	(3,535,573)	(3,535,573)
Risk Abatement	(19,089,343)	(14,449,313)				
Jail Population		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Public Health (1st Qtr Corrections)		(281,532)				
Class Comp Appeals			(200,000)	(200,000)	(200,000)	(200,000)
Council Reserve				(1,482,193)	(1,482,193)	(1,482,193)
Outyear Revenue Impacts	(3,207,170)					
Total "Other Reserves"	(28,931,691)	(22,525,241)	(8,635,178)	(9,850,126)	(9,850,126)	(9,850,126)

(h) The 2004 Adopted operating expenditures excludes \$12.0 m in intra-fund transfers between subfunds in the general fund. In order to remain consistent, the same methodology was applied to the 2003 adopted and revised budget to eliminate double-budgeting between sub-funds. This reduces the total expenditures and revenues shown in 2003 by \$1.8 m.

(i) 2003 Operating Expenditures

Adopted Budget (see footnote h)	477,271,560
2002 Operating Carryovers	7,443,312
Supplemental Activity	30,550,129
Total	<u>515,265,001</u>

(j) 2003 CIP/Other Contributions

Parks CIP	237,926
2002 CIP Carryovers	150,000
LS&J Integration (OIRM)	1,962,958
Major Maintenance- Sales Tax Reserve	5,074,311
Housing Opportunity	422,901
General Government - CX	2,727,223
Total	<u>10,575,319</u>

(k) Additional underexpenditure in 2003 above the .75% held centrally

Salary & Wage Contingency	7,200,000
PERS Savings	600,000
Ridgway	2,615,000
Internal Support	500,000
	<u>10,915,000</u>

(l) 2004 CIP/Other Contributions

Major Maintenance- Sales Tax Reserve	8,328,606
General Government CX	4,727,398
OIRM	7,790,715
	<u>20,846,719</u>

(m) Agencies exempt from 2.00% Underexpenditure

Drug Enforcement Forfeits  
Antiprofitteering  
State Auditor  
Special Programs  
Salary and Wage Contingency  
Executive Contingency  
Internal Support  
Finance - CX

Agencies partially exempt:

Sheriff  
Prosecuting Attorney's Office  
District Court  
CX Transfers  
Dept of Adult and Juvenile Detention  
Public Defense

(n) Expenditure estimates for 2005 - 2006 are based on the following assumptions. The percentages indicate the expected annual percent change over the previous year.

	2004	2005	2006
Labor	As Proposed	5.79%	4.67%
Benefit	As Proposed	13.30%	12.24%
Services/Other Charges	As Proposed	5.10%	5.18%
Supplies	As Proposed	2.34%	2.34%
All Others	As Proposed	2.0% - 5.0%	2.0% - 5.0%

(o) The Outyear Estimated Financial Plan requires ongoing reductions of:

\$20.0 m in 2005

\$21.0 m in 2006

These additional reductions to Current Expense agency budgets are necessary to accommodate a shrinking revenue base and an increasing salary and benefit growth rate beyond inflation.